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DekaBank Deutsche Girozentrale

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DekaBank Deutsche Girozentrale

Ratings Score Snapshot

Issuer Credit Rating
A/Positive/A-1

SACP: bbb+ → **Support: +2** → **Additional factors: 0**

Anchor	bbb+	
Business position	Moderate	-1
Capital and earnings	Strong	+1
Risk position	Moderate	-1
Funding	Adequate	0
Liquidity	Adequate	
CRA adjustment		+1

ALAC support	0
GRE support	0
Group support	+2
Sovereign support	0

Issuer credit rating
A/Positive/A-1

ALAC--Additional loss-absorbing capacity. CRA--Comparable ratings analysis. GRE--Government-related entity. ICR--Issuer credit rating. SACP--Stand-alone credit profile.

Credit Highlights

Overview

Key strengths	Key risks
Expected access to extraordinary group support from its owners, the German savings banks, if needed.	Revenue sensitivity to capital market conditions.
Position as one of the leading domestic asset managers, benefiting from its integration in the German savings bank sector.	Lower risk diversification in its lending book and material operational and reputational risks in its asset management-related business.
Strong capital and solid liquidity buffers.	Strong reliance on wholesale funding.

Our ratings on DekaBank benefit from its ownership by and integration with the German savings banks. Reflecting this, we apply two notches of uplift from the 'bbb+' stand-alone credit profile (SACP), reflecting its core status for its ultimate owners, the German savings banks. In the unlikely event that DekaBank required extraordinary support, we believe that Deutscher Sparkassen- und Giroverband (DSGV; the German Savings Banks Association), which holds a 100% stake in DekaBank on behalf of the savings banks, would serve as the principal source of such support.

We expect DekaBank's strategic alignment and integration with the savings banks to remain strong. DekaBank's importance to the German savings banks is underpinned by their reliance on each other in the production and distribution of retail mutual funds. We also note DekaBank's important role in holistically supporting the savings banks' securities investments and advisory production chains in the context of regulatory and customer demands.

Our 'bbb+' SACP reflects DekaBank's solid market position as one of Germany's largest asset managers and its strong capitalization. This is underpinned by our expectation that its risk-adjusted capital (RAC) ratio will remain strong. Due to its solid market position and strong capitalization, we revised the SACP upward by one notch in September 2024 following our comparable ratings analysis. We consider constraining factors to be the bank's revenue sensitivity to capital market conditions, its higher concentration risk in its lending portfolio, and a relatively higher reliance on wholesale funding than German peers.

Outlook

The positive outlook reflects our expectation that the German savings banks--which own 100% of DekaBank--will show better earnings, improved group cohesion, and lower tail risks from Landesbanks.

The outlook also reflects our assumption that a material shift in DekaBank's strategy and integration with the German savings banks is unlikely.

Upside scenario

We could raise the ratings on DekaBank if German savings banks can translate their strong deposit franchise into higher risk-adjusted profitability, reaching levels comparable with those of large European banking groups.

A positive rating action would also depend on the German savings banks maintaining their strong capital buffers and group cohesion as well as resilient asset quality.

While less likely, an upgrade could also follow if we see the savings banks sustainably improve their capitalization beyond already-strong levels.

Downside scenario

We could revise the outlook on DekaBank to stable if:

- German savings banks cannot narrow the gap with other large European banking groups in terms of risk-adjusted profitability and operating efficiency;
- Developments weaken the sector's overall group cohesion or raise tail risks from the participation in Landesbanks; or
- German savings banks' asset quality deteriorates significantly.

We could also take a negative rating action if the savings banks deprioritized selling DekaBank's products over a prolonged period, potentially leading to weakening integration.

Key Metrics

DekaBank Deutsche Girozentrale--Key ratios and forecasts

	--Fiscal year ended Dec. 31 --				
(%)	**2022a**	**2023a**	**2024f**	**2025f**	**2026f**
Growth in operating revenue	7.2	19.1	(9.6)-(11.7)	1.1-1.3	1.2-1.5
Growth in customer loans	(4.1)	(4.7)	0.0-0.0	0.9-1.1	1.8-2.2
Net interest income/average earning assets (NIM)	0.3	0.4	0.4-0.4	0.3-0.4	0.3-0.4
Cost-to-income ratio	61.5	52.6	59.7-62.8	61.4-64.5	63.0-66.2
Return on average common equity	9.0	11.8	7.9-8.8	7.3-8.0	6.9-7.6
Return on assets	0.6	0.8	0.6-0.7	0.5-0.6	0.5-0.6
New loan loss provisions/average customer loans	0.2	0.6	0.25-0.35	0.3-0.5	0.2-0.4
Gross nonperforming assets/customer loans	1.5	3.3	3.9-4.3	4.0-4.4	3.9-4.3
Risk-adjusted capital ratio	12.8	14.1	14.4-15.2	14.7-15.7	14.8-15.8

All figures include S&P Global Ratings' adjustments. a--Actual. f--Forecast. NIM--Net interest margin.

Anchor: 'bbb+', Reflecting DekaBank's Operational Focus On Germany

The anchor for banks operating primarily in Germany is 'bbb+' reflecting our economic risk assessment of '2' and our industry risk assessment of '4' (on a scale of 1-10, with '10' signifying the highest risk). We view the trends for economic risk and industry risk trend as stable.

Our economic risk assessment for Germany takes a positive view of the economy's competitiveness and wealth, as well as its track record in absorbing large economic and financial shocks. Despite structural risks to Germany's economic model, higher sensitivity to geopolitical stress, and a modest economic outlook compared with European peers', we expect German households and corporates to remain resilient.

Our industry risk assessment for Germany considers the structurally modest profitability of the banking sector relative to peers'. German banks have benefited significantly from higher interest rates, but we expect cyclical interest rate support to peak in 2024 and profitability to decline again as policy rates begin to fall. We continue to see that inefficient cost bases, overcapacity, and intense competition are putting a structural strain on profit margins. We view positively the banking sector's access to a very stable and broad domestic funding market.

Business Position: Leading Domestic Asset Manager With Ancillary Commercial Banking

We consider DekaBank's business franchise to be slightly more vulnerable than more diversified peers such as Deutsche Bank or UniCredit Bank. Our assessment factors in DekaBank's solid earnings and sound market position as one of the largest asset managers in Germany; an earnings mix (see chart 1) that is fee-centric but sensitive to capital-market conditions; and its less established market position in commercial lending. Its business model also profits from integration with German savings banks and between asset management and lending, for instance, in commercial real estate (CRE).

Table 1

DekaBank Deutsche Girozentrale--Divisional economic pretax profit composition (Mil. €)

Business division	Main activities	2023	2022	2021	2020	2019	2018	2017
Asset management securities	Actively managed securities, mutual funds, specialized funds	567	550	606	366	417	231	345
Asset management real estate	Open-ended mutual property funds	201	166	189	150	146	163	111
Asset management services	Provision of banking services for asset management	6	-1	21	33	10	4	-5
Capital markets	Money market, foreign exchange, certificates, derivatives, commission trading	292	176	123	48	107	85	207
Financing	Corporate finance, infrastructure & transportation finance, export finance, commercial real estate finance	44	129	95	-87	90	67	51
Other	Other/consolidation	-139	-36	-186	-241	-337	-98	-260
Economic pretax profit*		972	985	848	269	434	452	449

*DekaBank manages its earnings according to the metric economic pretax profit (economic result). This is broadly equivalent to total comprehensive income under International Financial Reporting Standards, and additionally considers items such as valuation gains and losses from hedged lending, actuarial gains and losses, and interest expense related to additional tier 1 issuances.

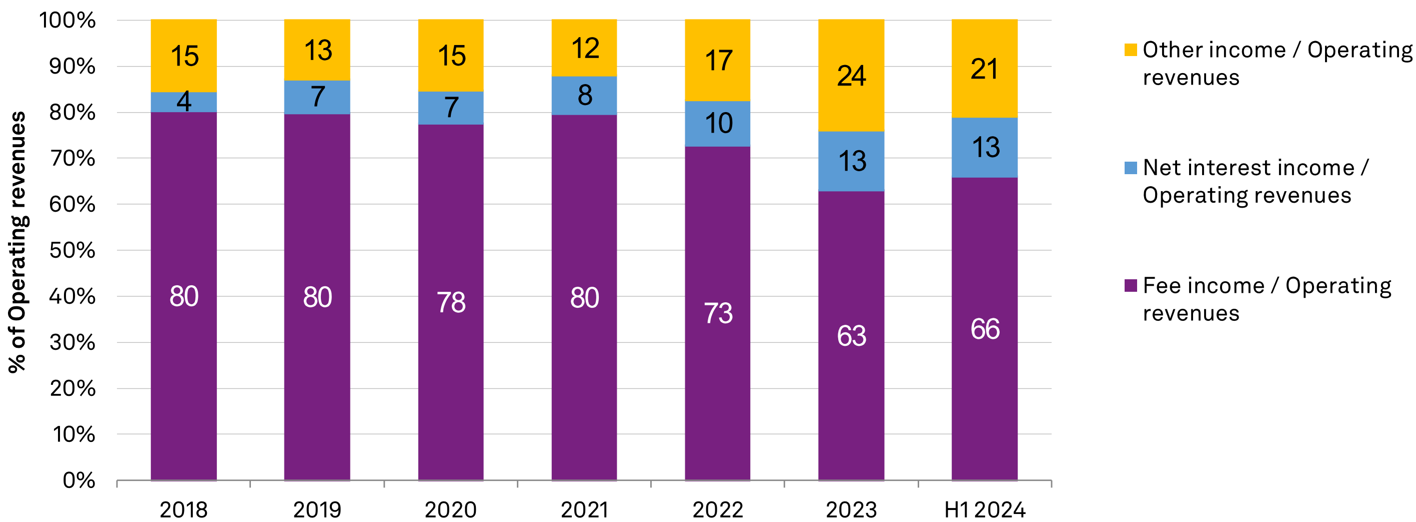
DekaBank is one of Germany's four leading providers of asset management products, with an asset management volume of €387 billion as of Sept. 30, 2024. This is slightly more than half retail--mainly mutual funds with a domestic market share of 14.4% by assets under management--and institutional clients, mainly specialized funds and a 6.0% market share.

German savings banks are the exclusive third-party distributors of DekaBank's mutual fund products. Although these parties provide a large and stable distribution channel, the arrangement also restricts DekaBank's product distribution to third parties, because it is not supposed to actively sell mutual funds to retail customers outside the savings bank universe.

Chart 1

Fee income is the dominant income source

Breakdown of operating revenues since 2018



Source: S&P Global Ratings.

Net sales are being driven by significant certificate volumes, also in cooperation with partners where DekaBank does not provide funding but is instead the distribution channel to end-savings banks' customers. Overall, its total net sales stood at €14.5 billion in the first half of 2024, significantly above the previous year when the institutional customer segment saw a major customer (€19 billion) move to another provider. Similarly, regular investment savings plans increased to €7.9 million at June 30, 2024, from €7.6 million at year-end 2023. Longer term structural risks to DekaBank's business model, in our view, are the ongoing trend toward passive investments (including exchange-traded funds) and the increase in digital investment advice outside branches. These factors could make it more difficult for DekaBank to market its actively managed and higher-margin funds to savings banks customers. Despite a good market standing implying solid profitability we think these trends could gradually weaken DekaBank's asset management franchise.

We consider DekaBank's trading operations and lending activities, which include its certificates business, to be less stable and more exposed to market confidence. Stand-alone lending activities amounted to about €26 billion at June 30, 2024. About 60% of that comprised opportunistic exposures to infrastructure, transportation, and export finance ("special financing"), with the remainder related to commercial real estate financing.

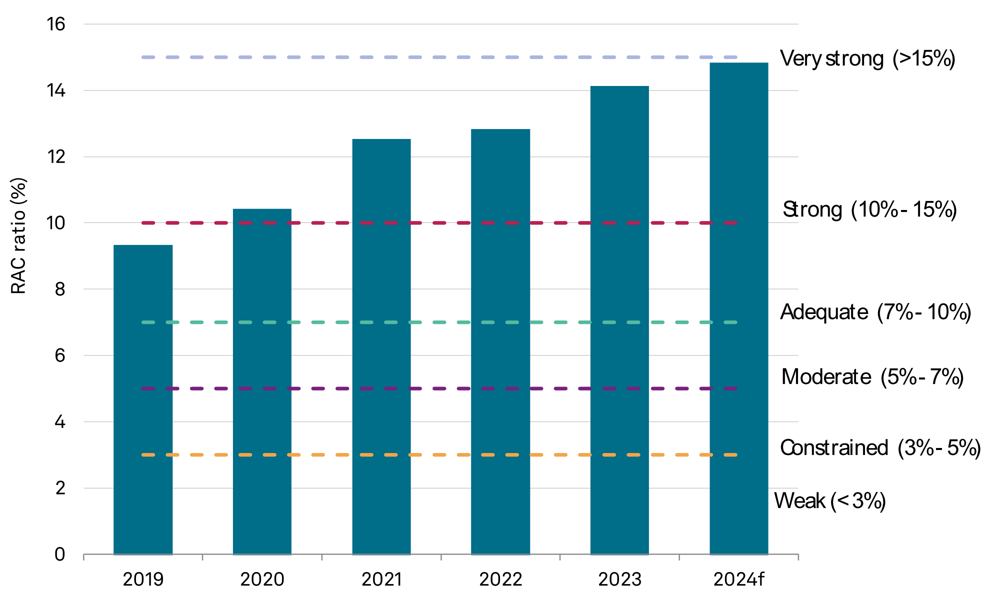
We anticipate that DekaBank will continue to primarily operate as the central servicer for the savings banks in all activities relating to asset management and securities, and to remain integrated with the savings banks via its established liquidity-exchange platform. We also think the share of DekaBank's commercial banking loans will not grow materially and remain contained, and that the bank's long-term growth will derive mainly from its asset management activities. We also expect DekaBank's management to continue pursuing a conservative strategy in line with its owners' preferences, which implies a focus on organic expansion exclusively in Germany.

Capital And Earnings: We Expect DekaBank's Risk-Adjusted Capitalization Will Remain A Strength

Our assessment of DekaBank's capital and earnings as an SACP strength reflects the bank's RAC ratio of 14.1% as of year-end 2023. The RAC ratio has been strengthening since 2019 on the back of an ongoing build-up of capital buffers reflecting solid underlying profitability, contained loan book growth, and modest capital payouts to savings banks owners. However, potential acquisitions could weigh somewhat on capital ratios. Therefore, in our current base case we don't expect the RAC ratio to sustainably remain above 15%.

Chart 2

Capitalization is a strength
Risk-adjusted capital (RAC) ratio from 2019 to 2024f



f--Forecast. Source: S&P Global Ratings.

DekaBank's revenue generating capacity has benefited from higher interest rates, but less so compared to more lending-focused peers, reflecting its smaller lending business. Fees will remain the dominant income source and continue to be sensitive to asset valuations and asset inflows. We expect DekaBank to achieve a net income after taxes of about €550 million under IFRS in 2024, supported by interest rates and temporary valuation effects. We also forecast structural annual net income after taxes under IFRS of about €500 million-€550 million through to 2026, which translates into ROE of 7%–8%, still above the systemwide average in Germany.

In our view, the bank's adjusted common equity--more than 90% of our total adjusted capital measure--and its ownership structure support its capital quality, demonstrated by generally moderate dividend-payout requirements. That said, we see potential earnings volatility from DekaBank's trading operations and lending activities, which we view as less stable and more vulnerable than the asset management business. Taken together, this supports our final assessment of a strong capital and earnings profile.

Risk Position: Limited Diversification, Opportunistic Lending, And High Operational And Reputational Risks Are Constraints

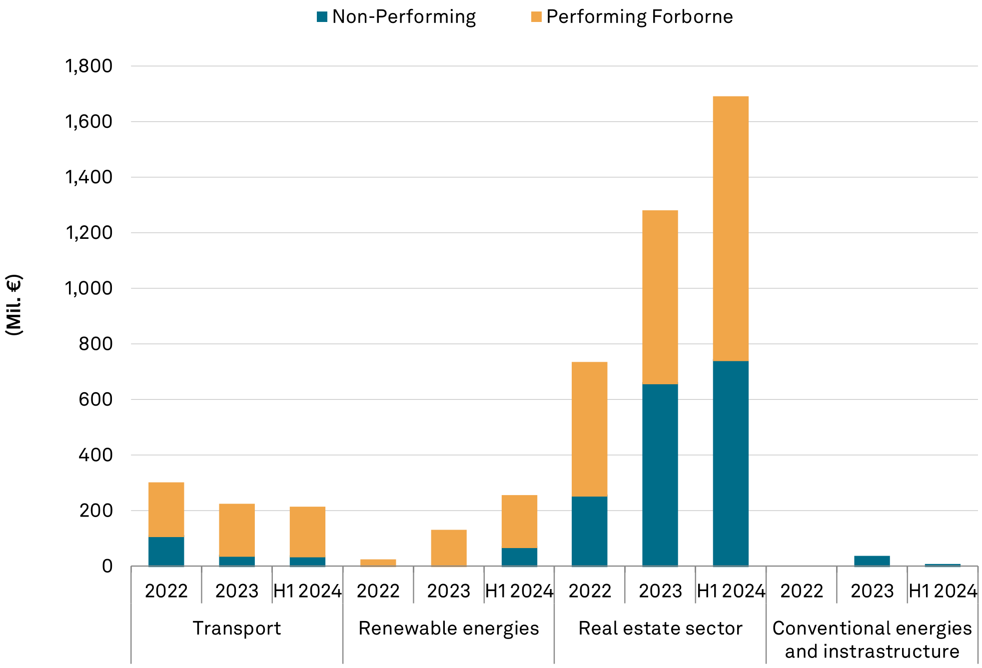
Our risk position assessment for DekaBank reflects the bank's lower-than-peers risk diversification and its focus on wholesale-oriented portfolios with significant single-name concentrations. We also believe that our RAC ratio could understate certain risks such as the operational and reputational risks intrinsic to DekaBank's asset management and trading businesses. Furthermore, credit-spread and interest-rate risks from the bank's large securities holdings contribute to earnings volatility.

We regard DekaBank's commercial banking business, which has exposures to cyclical sectors, as generally riskier than its core asset management activities. The high cyclicality of these sectors makes the underlying exposures more vulnerable to economic downturns and explains the periodic spikes in DekaBank's asset quality ratios. Most recently, the nonperforming assets (NPA) ratio increased to 4.0% as of June 30, 2024, compared to 1.5% at year-end 2022. In addition, cost of risk increased to 56 basis points (bps) in 2023 compared to 17 bps in 2022. The asset quality deterioration is primarily driven by the North American commercial real estate (CRE) portfolio, which amounts to about €4 billion as of June 30, 2024.

Chart 3

Nonperforming exposures are driven by the real estate sector

Breakdown of non-performing and performing forborne exposures by risk segment



Conventional energies and infrastructure risk segment was introduced in 2023. Source: Company reporting.

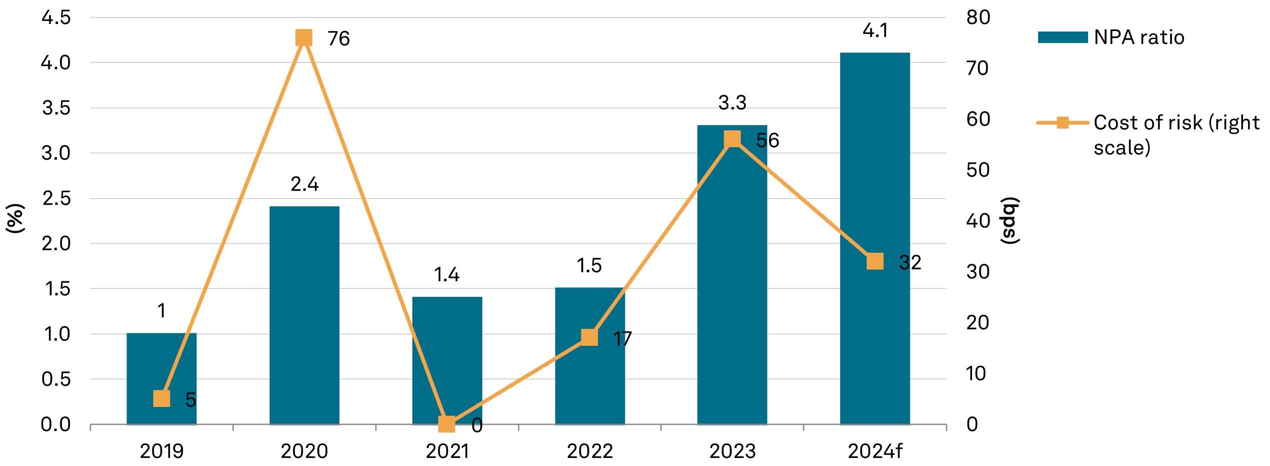
That said, the total commercial lending portfolio only accounts for about 25% of total assets, significantly below the average for a European bank of 60%-70%. As such, even more severe credit losses would likely be covered by strong asset management profits. Positively, we understand Deka has no intention to further grow these lending activities and we forecast that new business would be sufficient to offset maturing business.

In our base case through to 2026, we include annual risk costs of 30-40 bps and expect the NPA ratio to stay at 3.5%-4.5% over our forecast horizon. This reflects that in a no-growth scenario Deka can be more selective regarding new business, which should support asset quality. We also note positively that over 90% of NPAs are covered by collateral and provisions, which effectively limits loss given default.

Chart 4

Asset quality is driven by exposure to cyclical factors

Evolution of nonperforming assets (NPA) ratio (%) and cost of risk (bps) since 2019



Cost of risk - New loan loss provisions / average customer loans. Bps--Basis point. f--Forecast. Source: S&P Global Ratings.

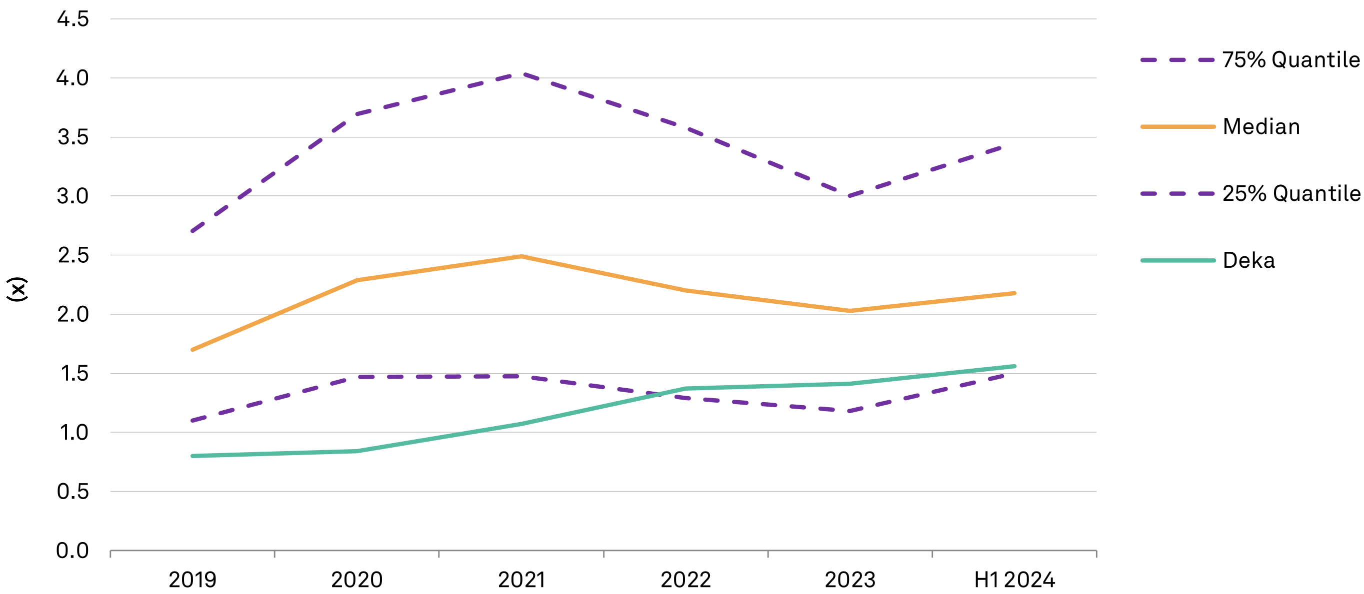
Funding And Liquidity: Access To The Savings Banks Provides Stability

Our assessment of DekaBank's funding and liquidity strengths mainly reflects the bank's ongoing access to the savings banks' substantial financial resources in case of need. We also incorporate DekaBank's sizable portfolio of broad liquid assets, which represents a significant share of its balance sheet. These factors mitigate its heavier reliance on short-term wholesale funding.

DekaBank remains a largely wholesale-funded institution. As of June 2024, total wholesale funding makes up about 60% of its funding base. However, we consider its funding profile to be appropriate for its asset profile. We expect DekaBank to continue its matched funding policy and maintain a large pool of liquid assets.

Chart 5

Reliance on short-term wholesale funding has decreased, but remains high
Broad liquid assets / short-term wholesale funding (x) compared to other European banks



Peers include rated European banks with the same anchor (i.e. 'bbb+'). Source: S&P Global Ratings.

DekaBank's stable funding ratio (SFR) was 140% on June 30, 2024, and its ratio of broad liquid assets to short-term wholesale funding (BLAST) was 1.6x on the same date. The BLAST ratio is weaker than those of most peers, but to a certain degree it understates the quality of DekaBank's funding and liquidity. We conservatively treat all its nonderivative trading liabilities as short-term funding. This is because some of them have knock-out clauses that allow for early redemption. However, we have observed previously that these liabilities can have maturities of much longer than one year. If we were to treat these liabilities as long-term funding, DekaBank's BLAST ratio would be more in line with those of its peers.

That said, the institutional nature of DekaBank's customer depositors is not fully reflected in its SFR and BLAST metrics. Institutional customer deposits are less granular and more confidence-sensitive than retail deposits and are therefore exposed to higher outflow risk than our ratios assume. This is mitigated by our understanding that DekaBank sources a larger part of its money market funding either from investment funds--partly those that DekaBank manages, which need to hold minimum amounts of statutory liquidity--or from the German savings bank sector. Funds from the savings banks should exhibit stronger stability than other bank deposits. We consider this structure to demonstrate DekaBank's strategic importance to the savings banks. We also believe that DekaBank has adequate stress-testing capabilities, which include several extreme scenarios to determine its liquidity needs in times of severe market stress.

Comparable Ratings Analysis: One Notch Uplift

We incorporate a positive comparable rating analysis adjustment in our ratings on Deka. We base the adjustment on peer analysis and capture attributes that are not fully reflected in our other rating factors. Specifically, we think DekaBank's business position and capital and earnings do not warrant a higher assessment for those individual factors but cumulatively merit a stronger rating outcome.

Support: Two Notches Of Uplift For Potential Support From The German Savings Banks

We consider DekaBank to be a core subsidiary of its sole owner, the network of German savings banks, whose group credit profile (GCP) we assess at 'a'. We believe that the savings banks would support DekaBank under any circumstances through the DSGV. As a result, our long-term issuer credit rating on DekaBank is two notches higher than its SACP. The positive outlook on DekaBank reflects our expectation that the German savings banks--which own 100% of DekaBank--will show better earnings, improved group cohesion, and lower tail risks from Landesbanks.

The German savings banks are well-capitalized overall, partly owing to marginal earnings-payout demands. In addition, they are the leading retail banking group in Germany by market share, benefiting from their extensive branch network, which supports their large, very granular, retail deposit base. These factors are partly offset by the savings banks' lower strategic effectiveness compared with their domestic peers, the limited fungibility of the group's capital and liquidity, and risks arising from their equity stakes in the associated Landesbanks.

Under our group rating methodology we consider the savings banks to be a group, given their level of strategic cohesiveness, use of a common brand and services, common legal status as public law institutions, and the existence of a mutual protection scheme, which has prevented the failure of individual banks for decades. The German savings banks form a decentralized organization without a formal parent company. However, in our view, strategic coordination and access to group members' cash flows through their central association are sufficiently strong to consider all German savings banks to be group members.

The sector also enjoys the benefits of its joint liability scheme, the goal of which is to safeguard member institutions' liquidity and solvency. Ultimately, if a bank were to fail, the scheme would also serve as a deposit protection scheme, and the EU authorities would recognize it as an institutional protection scheme (IPS). However, the European regulator asked for changes following the lengthy rescue of the ailing Landesbank Nord/LB in 2019, which we understand casted doubts on the scheme's effectiveness. This led to the decision to establish a second reserve fund for 2025-2032, which is intended to serve as an additional and immediately available capital buffer in times of stress. The strengthening of the IPS is complemented by additional measures to simplify the decision-making, which increases the likelihood of timely and sufficient support.

We do not add any support uplift to the savings banks' GCP because we believe that regulators would apply a resolution framework to the larger individual institutions and not to the group as a whole.

The German savings banks hold a 100% stake in DekaBank via their central association, DSGV. In our view, the savings banks are unlikely to surrender control of DekaBank, given the track record of increased strategic alignment since the takeover in 2011. Moreover, DekaBank's supervisory board comprises representatives of the German savings banks and their regional associations, which are ultimately in charge of deciding, on behalf of the German savings banks' institutional protection scheme, whether support should be granted to DekaBank. We therefore believe that the German savings banks can detect problems early and would organize support, as appropriate, in a timely fashion.

We understand that DekaBank's tools are firmly integrated into the savings banks' central IT system and standard process design.

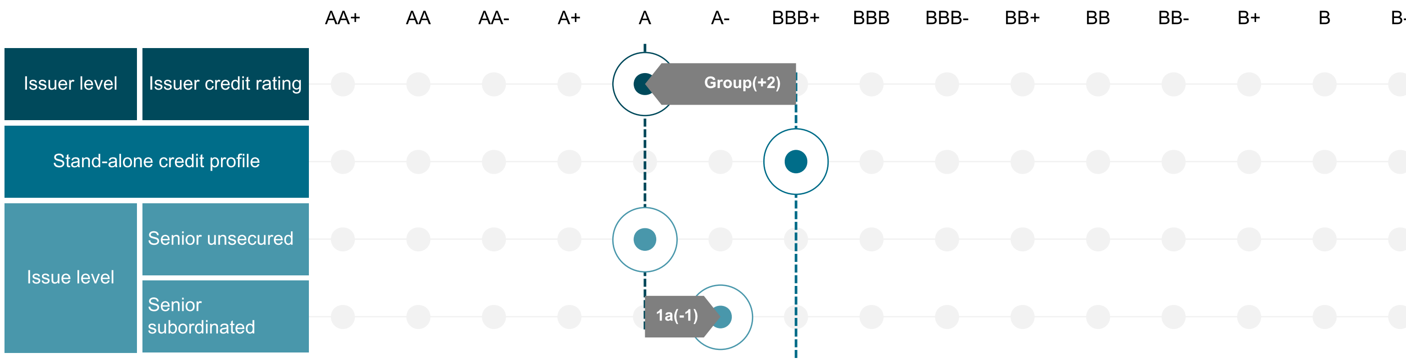
Environmental, Social, And Governance

Overall, we see ESG credit factors for DekaBank as broadly in line with those of the industry, including its German peers, and not a differentiating factor. The bank's management team aims to position DekaBank as an innovative and sustainable asset manager for the savings banks. We therefore expect ESG to become an increasingly important element of DekaBank's product offering. In our view, DekaBank's integration into the German savings banks network and its public service mandate are important to promote future compliance with ESG principles.

Hybrids

We believe that the savings banks would seek to prevent a regulatory resolution at DekaBank because of its important role for the sector, as reflected in its core group status. In our view, extraordinary support would prevent the instruments from absorbing losses. We therefore use the issuer credit rating as the starting point from which we derive the ratings on DekaBank's senior subordinated debt.

DekaBank Deutsche Girozentrale: Notching



Key to notching

---- Issuer credit rating
----- Group stand-alone credit profile
Group Group support
1a Contractual subordination

Note: The number-letter labels in the table above are in reference to the notching steps we apply to hybrid capital instruments, as detailed in table 2 of our "Hybrid Capital: Methodology And Assumptions" criteria, published on March 2, 2022.
The nonoperating holding company (NOHC) issuer credit rating and senior unsecured debt ratings are notched from the group stand-alone credit profile (SACP) under our criteria. Since ALAC notching does not benefit NOHCs, for simplicity the diagram above is stylized to show the positioning of these ratings with reference to the group SACP.

Key Statistics

Table 2

DekaBank Deutsche Girozentrale--Key figures

	--Year ended Dec. 31--				
(Mil. €)	**2024***	**2023**	**2022**	**2021**	**2020**
Adjusted assets	94,861	84,571	97,201	88,665	85,327
Customer loans (gross)	21,393	22,094	23,186	24,177	22,601
Adjusted common equity	6,298	5,985	5,635	5,323	4,870
Operating revenues	1,195	2,605	2,187	2,040	1,689
Noninterest expenses	677	1,371	1,346	1,249	1,159
Core earnings	358	753	533	537	212

*Data as of June 30.

Table 3

DekaBank Deutsche Girozentrale--Business position

	--Year ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Total revenues from business line (currency in millions)	1,194.7	2,604.7	2,187.4	2,040.1	1,688.8
Commercial banking/total revenues from business line	26.2	20.1	23.8	24.3	24.9
Asset management/total revenues from business line	64.1	61.4	70.2	75.7	73.7
Other revenues/total revenues from business line	9.7	18.4	6.0	(0.0)	1.4

Table 3

DekaBank Deutsche Girozentrale--Business position (cont.)

	--Year ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Return on average common equity	10.7	11.8	9.0	9.8	4.2

*Data as of June 30.

Table 4

DekaBank Deutsche Girozentrale--Capital and earnings

	--Year ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Tier 1 capital ratio	20.2	21.1	19.3	17.2	15.7
S&P Global Ratings' RAC ratio before diversification	N/A	14.1	12.8	12.5	10.4
S&P Global Ratings' RAC ratio after diversification	N/A	13.5	12.2	11.8	9.7
Adjusted common equity/total adjusted capital	91.3	90.9	90.4	89.9	91.1
Net interest income/operating revenues	12.9	13.2	9.9	8.4	7.3
Fee income/operating revenues	65.7	62.9	72.8	79.6	77.5
Market-sensitive income/operating revenues	20.4	21.9	15.2	10.8	14.3
Cost to income ratio	56.6	52.6	61.5	61.2	68.6
Preprovision operating income/average assets	1.2	1.4	0.9	0.9	0.6
Core earnings/average managed assets	0.8	0.8	0.6	0.6	0.2

*Data as of June 30. RAC--Risk-adjusted capital. N/A--Not applicable.

Table 5

DekaBank Deutsche Girozentrale--Risk-adjusted capital framework data

(Mil. €)	**Exposure***	**Basel III RWA**	**Average Basel III RW(%)**	**S&P Global Ratings RWA**	**Average S&P Global Ratings RW (%)**
Credit risk					
Government & central banks	16,092	43	0	265	2
Of which regional governments and local authorities	3,650	22	1	131	4
Institutions and CCPs	27,986	2,412	9	6,262	22
Corporate	25,238	14,521	58	19,157	76
Retail	66	38	58	44	66
Of which mortgage	0	0	0	0	0
Securitization§	0	0	82	0	52
Other assets†	914	585	64	1,769	194
Total credit risk	70,296	17,600	25	27,496	39
Credit valuation adjustment					
Total credit valuation adjustment	'--	528	'--	1,282	'--
Market Risk					
Equity in the banking book	867	2,284	263	6,001	692
Trading book market risk	'--	4,177	'--	6,664	'--
Total market risk	'--	6,461	'--	12,665	'--

Table 5

DekaBank Deutsche Girozentrale--Risk-adjusted capital framework data (cont.)

Operational risk					
Total operational risk	'--	5,727	'--	5,345	'--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global Ratings RWA**	**% of S&P Global Ratings RWA**
Diversification adjustments					
RWA before diversification	'--	30,486	'--	46,788	100
Total diversification/ Concentration adjustments	'--	'--	'--	1,981	4
RWA after diversification	'--	30,486	'--	48,769	104
		Tier 1 capital	**Tier 1 ratio (%)**	**Total adjusted capital**	**S&P Global Ratings RAC ratio (%)**
Capital ratio					
Capital ratio before adjustments		6,446	21.1	6,583	14.1
Capital ratio after adjustments‡		6,446	21.1	6,583	13.5

*Exposure at default. §Securitization exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. CCPs--Central counterparty clearing house. Sources: Company data as of Dec. 31, 2023, S&P Global Ratings.

Table 6

DekaBank Deutsche Girozentrale--Risk position

	--Year ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Growth in customer loans	(6.3)	(4.7)	(4.1)	7.0	(5.6)
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	4.2	5.7	6.0	7.2
Total managed assets/adjusted common equity (x)	15.1	14.2	17.3	16.7	17.6
New loan loss provisions/average customer loans	0.0	0.6	0.2	(0.0)	0.8
Net charge-offs/average customer loans	(0.0)	0.0	0.0	0.2	0.2
Gross nonperforming assets/customer loans + other real estate owned	4.0	3.3	1.5	1.4	2.4
Loan loss reserves/gross nonperforming assets	40.9	46.6	60.1	51.9	34.6

*Data as of June 30. N/A--Not applicable. RWA--Risk-weighted assets.

Table 7

DekaBank Deutsche Girozentrale--Funding and liquidity

	--Year ended Dec. 31--				
(%)	**2024***	**2023**	**2022**	**2021**	**2020**
Core deposits/funding base	40.0	39.7	32.7	30.9	30.1
Customer loans (net)/customer deposits	68.1	81.0	92.4	104.4	104.9
Long-term funding ratio	62.9	60.5	52.4	48.8	52.6
Stable funding ratio	140.1	129.0	124.1	102.7	87.0
Short-term wholesale funding/funding base	40.5	43.6	51.7	55.4	51.0
Regulatory net stable funding ratio	121.8	120.9	118.1	118.9	N/A
Broad liquid assets/short-term wholesale funding (x)	1.6	1.4	1.4	1.1	0.8

Table 7

DekaBank Deutsche Girozentrale--Funding and liquidity (cont.)					
	--Year ended Dec. 31--				
(%)	2024*	2023	2022	2021	2020
Broad liquid assets/total assets	51.3	49.1	55.1	49.6	35.5
Broad liquid assets/customer deposits	157.8	155.0	215.7	191.8	142.1
Net broad liquid assets/short-term customer deposits	59.1	47.2	60.7	12.7	(29.8)
Regulatory liquidity coverage ratio (LCR) (%)	167.7	209.0	159.1	160.3	185.6
Short-term wholesale funding/total wholesale funding	66.6	71.3	76.0	79.3	72.3
Narrow liquid assets/3-month wholesale funding (x)	1.6	1.4	1.4	1.0	0.9

*Data as of June 30. N/A--Not applicable.

DekaBank Deutsche Girozentrale--Rating component scores	
Issuer Credit Rating	**A/Positive/A-1**
SACP	bbb+
Anchor	bbb+
Economic risk	2
Industry risk	4
Business position	Moderate
Capital and earnings	Strong
Risk position	Moderate
Funding	Adequate
Liquidity	Adequate
Comparable ratings analysis	+1
Support	+2
ALAC support	0
GRE support	0
Group support	+2
Sovereign support	0
Additional factors	0

ALAC--Additional loss-absorbing capacity. GRE--Government-related entity. SACP--Stand-alone credit profile.

Related Criteria

- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, April 30, 2024
- General Criteria: Hybrid Capital: Methodology And Assumptions, March 2, 2022
- Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, Dec. 9, 2021
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Germany-Based DekaBank Outlook Revised To Positive On Stronger Group Support Capacity; 'A/A-1' Ratings Affirmed, Sept. 10, 2024
- Banking Industry Country Risk Assessment: Germany, August 7, 2024

Ratings Detail (As Of December 10, 2024)*	
DekaBank Deutsche Girozentrale	
Issuer Credit Rating	A/Positive/A-1
Commercial Paper	
Local Currency	A-1
Senior Subordinated	A-
Senior Unsecured	A
Short-Term Debt	A-1
Issuer Credit Ratings History	
10-Sep-2024	A/Positive/A-1
24-Jun-2021	A/Stable/A-1
17-Sep-2019	A+/Negative/A-1
Sovereign Rating	
Germany	AAA/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.